GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3572
ANSWERED ON:25.08.2006
FII CEILING IN PSBS
Subbarayan Shri K.

Will the Minister of FINANCE be pleased to state:

(a) the percentage of ceiling for Foreign Institutional Investment (FII) at present in the Public Sector Banks, bank-wise;

(b) whether the Government plans to revise the ceiling of FII in the Public Sector Banks; and

(c) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) In tenns of Section 3 (2D) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/80, no individual or company resident outside India or any company incorporated under any law not in force in India or any branch of such company, whether resident outside India or not, shall at all times hold or acquire by transfer or otherwise shares of any nationalised bank so that such investment in aggregate exceeds the percentage, not being more than 20% of the paid up capital of the concerned bank, as may be specified by the Central Government by notification in the Official Gazette. This ceiling is applicable to the shares held by non-residents including FIIs, individuals and other corporates.Though there is no restrictive statutory provision in the State Bank of India Act, 1955 for foreign equity holding of the bank, a ceiling of 20% has also been stipulated by Reserve Bank of India (RBI) for foreign equity holding in the State Bank of India.

(b) Presently, no amendment is proposed in the statutory provisions to revise the foreign equity holding in the public sector banks.

(c) Does not arise.